

Statement of Senator Jon S. Corzine
Introduction of the Preserving Access to Affordable Drugs (PAAD) Act

April 22, 2004

M. President, I rise today along with my colleague, Senator Lautenberg, to introduce legislation, the Preserving Access to Affordable Drugs (PAAD) Act. This legislation is essential to ensuring that no senior who has existing prescription drug coverage receives less coverage once the Medicare prescription drug program goes into effect.

M. President, the Congressional Budget Office has estimated that as many as 1.7 million retirees could lose their employer-based prescription drug benefits as a result of the new Medicare prescription drug benefit. Also as a result of the new law, hundreds of thousands of seniors currently enrolled in state pharmacy assistance programs (SPAPs) will be forced out of those programs and into a private Medicare drug plan. Additionally, approximately six million seniors who are dually eligible for Medicare and Medicaid will lose access to their Medicaid prescription drug benefits, which are more generous and provide greater access to a variety of drugs than the Medicare benefit will. And, despite the fact that the new Medicare law has huge gaps in coverage, seniors who choose to enroll in the new drug benefit will be prohibited from purchasing Medigap coverage to pay for prescription drugs not covered by the new Medicare benefit.

M. President, no senior should be made worse off by the new Medicare law. The law should expand benefits – not rescind them. The PAAD Act will make critical changes to the Medicare law to ensure that the above-mentioned benefits are safeguarded.

- First, the PAAD Act will preserve retiree prescription drug benefits by allowing employer contributions to count towards the out of pocket threshold. Under the Medicare law, retirees with employer-based coverage would receive less of a subsidy from Medicare than seniors without such coverage. This lower subsidy creates a disincentive to employers to continue to provide these benefits and will lead to a significant reduction in employer-based benefits. The PAAD Act will ensure that employer-based plans receive the same subsidization as the Medicare prescription drug plans.
- Second, the PAAD Act will restore language that I added to the Senate-passed Medicare bill to allow states with pharmaceutical assistance programs to administer the Medicare prescription drug benefit to Medicare beneficiaries enrolled in these programs. This will ensure a seamless transition for these seniors and will ensure that they maintain the generous prescription drug coverage that many states, including New Jersey, offer.
- Third, the PAAD Act will enable states to supplement the Medicare prescription drug benefit for the neediest Medicare beneficiaries, those dually-eligible for the Medicaid program. Under current law, Medicaid wraps around Medicare, paying

for copayments and premiums, for those beneficiaries who are extremely sick and poor. Under the new Medicare law, states will be prohibited from using Medicaid to wrap around the Medicare drug benefit for these seniors, stripping them of access to needed prescription drugs. The PAAD Act will ensure that states can provide supplemental Medicaid prescription drug coverage to complement the Medicare drug benefit for seniors who are dually eligible for Medicare and Medicaid.

- Fourth, the PAAD Act will restore seniors' access to supplemental drug benefits through the Medigap program. Seniors should be allowed to improve the Medicare drug benefit if they so choose.
- Finally, the PAAD Act will also eliminate the risky demonstration program to privatize Medicare, a program which if not eliminated is likely to impact my state of New Jersey. Under the new Medicare law, seniors who live in areas where a large number of seniors are enrolled in Medicare managed care plans could end up in this privatization scheme. This new program is slated to go into effect in 2010. But, if it were to go into effect today, Gloucester, Burlington, Camden and Salem Counties in New Jersey would likely be chosen to participate in it.

M. President, one of the goals of medicine is to do no harm. The new Medicare law violates that tenet. My legislation is critical to preserving and protecting existing prescription drug coverage while expanding it to those who currently lack such coverage. I look forward to working with my colleagues to pass this legislation and improve prescription drug benefits for all seniors.

I yield the floor.